

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4352-01  
Bill No.: HB 1553  
Subject: Health and Senior Services, Department of; Motels and Hotels  
Type: Original  
Date: January 7, 2016

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Bill Summary: This proposal transfers the authority to inspect hotels from the Department of Health and Senior Services to local health departments.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Columbia/Boone County Department of Public Health and Human Services (DPHHS)** state the proposal provides no source of revenue to the local public health agencies (LPHAs) to reimburse them for the costs associated with conducting the inspections. There are 44 lodging facilities in Boone County. Based on 2014 data, the DPHHS estimates one annual inspection at each facility and 20 complaint-driven inspections for a total of 64 inspections. In 2014, the personnel associated costs to conduct these inspections was \$6,054. Average mileage associated with an inspection would be approximately 8 miles. The DPHHS currently reimburses 56 cents per mile; therefore, total mileage costs would be \$286.72 (64 inspections X 8 miles per inspection X \$0.56 per mile). Thus total costs for this proposal to the DPHHS would be \$6,341 (\$6,054 personal service costs + \$287 mileage costs).

Officials from the **City of Independence Health Department** assume this proposal would significantly increase the department's operating costs associated with administering the proposed lodging inspection program due to an increase in the number of inspections.

Total Operating Costs: The following table displays both the initial start-up costs and the annual costs for fiscal years 2017, 2018 and 2019.

<b>Fiscal Year</b>	<b>Initial Start-Up</b>	<b>Annual Cost</b>	<b>3% Inflation</b>	<b>Total</b>
2017	\$7,800	\$41,617.44	N/A	\$49,417.44
2018	N/A	\$41,617.44	\$1,248.52	\$42,865.96
2019	N/A	\$42,865.96	\$1,285.98	\$44,151.94

Inspection Numbers: The following table displays an increase in the number of inspections.

<b>Facilities</b>	<b>Routine Inspection</b>	<b>Complaint Inspection</b>	<b>Total Inspections</b>	<b>Hours Per Inspection</b>	<b>Total Hours Spent</b>
28	56	14	70	6	420

ASSUMPTION (continued)

Personnel Costs: In order to complete the 420 hours of inspection time, associated office time and additional supervision needed to administer the program, a combination of adding work load to existing staff and hiring of a new 0.25 FTE Public Health Investigator II position would be required. Total cost will be \$34,540.69, as indicated in the table below.

<b>Position</b>	<b>FTE</b>	<b>Hourly Rate</b>	<b>Hours</b>	<b>Annual Salary</b>	<b>Benefits</b>	<b>Total Cost</b>
Public Health Investigator II	0.25	\$26.67	520	\$13,868.40	\$5,547.36	\$19,415.76
Environmental Public Health Supervisor	0.10	\$31.51	208	\$6,554.08	\$2,621.63	\$9,175.71
Administrative Assistant II	0.10	\$20.43	208	\$4,249.44	\$1,699.78	\$5,949.22

Hiring an additional part-time Public Health Investigator II would require the purchase of additional technology and office furniture at a cost of \$7,800.

The City of Independence will also incur annual operating costs that include intergovernmental charges (\$5,456), mobile phone (\$1,017) and mileage (\$603.75) for a total cost of \$7,076.75.

In summary, the City of Independence assumes a cost of \$49,717.44 for FY 2017, \$42,865.96 for FY 2018 and \$44,151.94 for FY 2019.

The City of Independence Health Department contracts with the Department of Health and Senior Services to perform one lodging inspection per facility for state regulations annually. There are 28 licensed lodging facilities. Lodging inspection reimbursement is part of the State Investment in Local Public Health Services Grant. It is assumed that the grant amount would decrease because the lodging inspection service is no longer reimbursed.

**Oversight** assumes an unknown loss of revenue and unknown costs for local public health agencies (LPHAs) as it relates to this proposal. It appears that some localities have ordinances in place to charge the hotels for permits or inspections and this income will no longer be collectable if the ordinance conflicts with provisions of this proposal.

ASSUMPTION (continued)

In other areas, LPHAs do not collect permit or inspection fees, but may incur additional costs as a result of being required to inspect hotels and motels.

Officials from the **Department of Health and Senior Services (DHSS)** assume the proposal will have no fiscal impact on their organization.

**Oversight** inquired as to what costs DHSS would save if the department no longer had to inspect lodging facilities. DHSS stated there are no FTE purely dedicated to lodging inspections, rather these positions inspect a variety of entities, therefore there will be no cost savings.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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**LOCAL GOVERNMENTS - LOCAL  
PUBLIC HEALTH AGENCIES**

Costs - LPHAs

Increase in costs to perform inspections	(Unknown)	(Unknown)	(Unknown)
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Losses - LPHAs

Reduction in hotel license and inspection fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON  
LOCAL GOVERNMENTS - LOCAL  
PUBLIC HEALTH AGENCIES**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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### FISCAL IMPACT - Small Business

This proposal could have a minor positive impact on small business hotels and motels if they are not subject to local permit and inspection fees.

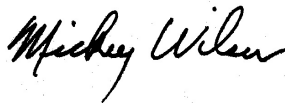
### FISCAL DESCRIPTION

Currently, hotels, inns, and boardinghouses are inspected and licensed by the Department of Health and Senior Services. This proposal requires each local health department to inspect the hotels, inns, and boardinghouses located in its jurisdiction. The Department of Health and Senior Services will approve the license for each facility and maintain a public record showing the condition, name of the owners, and current license status of each lodging establishment inspected by the local health departments.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Health and Senior Services  
Columbia/Boone County Department of Public  
Health and Human Services  
City of Independence Health Department



Mickey Wilson, CPA  
Director  
January 7, 2016

Ross Strobe  
Assistant Director  
January 7, 2016